

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-15 AID-05

EB-08 NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04

OPIC-06 LAB-04 SIL-01 IGA-02 ITC-01 /117 W

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FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 2941

INFO USDEL MTN GENEVA

USMISSION OECD PARIS

UNCLAS WELLINGTON 1149

E.O. 11652: N/A

TAGS: EALR, EFIN, ETRD, NZ

SUBJECT: FEBRUARY OVERSEAS EXCHANGE TRANSACTIONS SHOW CURRENT ACCOUNT
SURPLUS

REF: WELLINGTON 0739

1. THE RESERVE BANK OVERSEAS EXCHANGE TRANSACTIONS FOR
FEBRUARY 1977 SHOW AN \$8 MILLION CURRENT ACCOUNT SURPLUS (ALL
FIGURES ARE IN \$NZ. (NZ 1 EQUALS \$US0.9695 ON MARCH 30, 1977.)
THIS IS THE FIRST MONTHLY SURPLUS SINCE FEBRUARY 1976.
INCREASED EXPORT RECEIPTS WERE THE PRINCIPAL CONTRIBUTORS
TO THE SURPLUS. THEY ROSE \$42 MILLION OVER JANUARY
TO \$294 MILLION FOR FEBRUARY, HIGHEST MONTHLY FIGURE ON
RECORD. RECEIPTS FOR MEAT AND WOOL WERE THE MAIN CONTRIBUTORS
TO THE INCREASE, BUT BUTTER AND CHEES AND FOREST PRODUCTS
RECEIPTS ALSO ROSE APPRECIABLY. MANUFACTURED PRODUCTS AND
NON-FAT DRY MILK EXPORT RECEIPTS FELL. INVISIBLES FELL
\$9 MILLION TO \$56 MILLION BRINGING TOTAL CURRENT ACCOUNT
RECEIPTS TO \$350 MILLION (VS \$317 MILLION FOR JANUARY).

3. CAPITAL RECEIPTS ROSE \$10 MILLION IN FEBRUARY TO \$20 MILLION.

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CAPITAL PAYMENTS WERE NEARLY \$17 MILLION.

3. IMPORT PAYMENTS ROSE ONLY \$35 MILLION
OVER JANUARY TO \$256 MILLION WHICH RESULTED IN A FEBRUARY
TRADE SURPLUS OF \$38 MILLION.
INVISIBLES PAYMENTS FELL \$6 MILLION TO \$86 MILLION,
MAKING THE INVISIBLES DEFICIT NEARLY \$30 MILLION FOR

FEBRUARY. TOTAL CURRENT ACCOUNT PAYMENTS ROSE \$19 MILLION TO \$342 MILLION FOR FEBRUARY.

4. THE FOREIGN EXCHANGE RESERVES FELL \$8 MILLION.

5. THE CONSIDERABLE GROWTH IN CURRENT ACCOUNT RECEIPTS FOR THE THREE MONTHS ENDING FEBRUARY 1977 HAS BEEN DUE MAINLY TO LARGER EXPORT RECEIPTS.

THIS HAS EXCEEDED THE COMBINED INCREASES IN IMPORT AND INVISIBLES PAYMENTS. THE CURRENT DEFICIT FOR THE THREE MONTHS WAS \$111 MILLION (VS \$NZ 162 MILLION FOR THE SAME PERIOD A YEAR EARLIER). EXPORT RECEIPTS DURING THE THREE MONTHS ROSE 36 PER CENT OVER THE YEAR EARLIER PERIOD TO \$801 MILLION. WOOL RECEIPTS ALONE ROSE 68 PER CENT. IMPORT PAYMENTS DURING THE TRIMESTER WERE \$773 MILLION, UP 17 PER CENT OVER THE YEAR EARLIER TRIMESTER BOTH AN INCREASE IN VOLUME AND IN PRICES ACCOUNTED FOR THIS RISE.

6. THE INCREASE IN INVISIBLES DEFICIT FOR THE THREE MONTHS ENDING FEBRUARY BY \$50 MILLION OVER THE YEAR EARLIER TRIMESTER TO \$139 MILLION OFFSET THE IMPROVED TRADE BALANCE. INCREASES IN FREIGHT ON EXPORTS, TRAVEL AND OFFICIAL DEBT INTEREST COMBINED TO MORE THAN OFFSET THE INCREASES IN INVISIBLES RECEIPTS.

7. ON AN ANNUAL BASIS, THE CURRENT ACCOUNT DEFICIT FOR THE YEAR ENDING FEBRUARY 1977 DECLINED \$293 MILLION FROM THE YEAR EARLIER PERIOD. A TRADE DEFICIT FOR THE FEBRUARY, 1976, UNCLASSIFIED

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YEAR OF \$466 MILLION CHANGED TO A SURPLUS \$48 MILLION IN THE FEBRUARY 1977 YEAR, BUT THE INVISIBLES DEFICIT ROSE FROM \$405 MILLION TO \$626 MILLION IN THE SAME PERIOD.

8. EXPORT RECEIPTS FOR THE FEBRUARY YEAR INCREASED 50 PER CENT TO \$3,065 MILLION, TOPPING FOR THE FIRST TIME THE \$3 BILLION MARK. IMPORT PAYMENTS ROSE 20 PER CENT OVER THE FEBRUARY 1976 YEAR TO \$3,017 MILLION. THE INVISIBLES DEFICIT ROSE TO \$626 MILLION PAYMENTS ROSE 29 PER CENT AND RECEIPTS ROSE 11 PER CENT.

9. A NET CAPITAL INFLOW OF \$486 MILLION IN THE FEBRUARY YEAR COMPARED FAVORABLY WITH AN INFLOW OF \$827 MILLION FOR THE YEAR EARLIER. NET OFFICIAL BORROWING REACHED \$277 MILLION COMPARED WITH \$618 MILLION FOR THE YEAR EARLIER.

10. OFFICIAL RESERVES STOOD AT \$679 MILLION AT THE END OF FEBRUARY 1977.
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Disposition Approved on Date:
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Executive Order: N/A
Errors: N/A
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